

PUBLIC DISCLOSURE

July 15, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

The Home Trust & Savings Bank
RSSD# 60545

628 Main Street
Osage, Iowa 50461

Federal Reserve Bank of Chicago

230 South LaSalle Street
Chicago, Illinois 60604-1413

NOTE: This document is an evaluation of this bank's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the bank. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this bank. The rating assigned to this bank does not represent an analysis, conclusion or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial bank.

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BANK'S CRA RATING

The Home Trust & Savings Bank is rated Satisfactory.

The Home Trust & Savings Bank (HT&SB) provides credit consistent with its size, location, and the economic conditions within the assessment area. Based on an analysis of lending activities, the bank is meeting the credit needs of its community. The bank's net loan-to-deposit ratio is reasonable given the bank's size, financial condition, and assessment area credit needs. A substantial majority of the bank's loans and other lending-related activities are in the assessment area. Loan distribution reflects reasonable penetration among individuals of different income levels, including low-and moderate-income (LMI), and among businesses and farms of different sizes. Finally, the geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

SCOPE OF EXAMINATION

HT&SB's Community Reinvestment Act (CRA) performance was evaluated using the Federal Financial Institutions Examination Council's (FFIEC) Interagency CRA Procedures for Small Institutions. The evaluation analyzed information about the institution and its assessment area, such as asset size, financial condition, economic and demographic characteristics, and competition. The assessment area includes non-metropolitan Iowa, specifically Floyd and Mitchell Counties in their entirety.

The bank's primary product lines, which include home mortgage loans, commercial loans, and agricultural loans, were evaluated. The sample period for all loan origination types is January 1, 2018 through December 31, 2018.

Performance in the assessment area was evaluated using the streamlined assessment method for small banks based on the following performance criteria:

- ***Loan-to-Deposit Ratio*** – A 16-quarter average loan-to-deposit ratio was calculated for the bank and compared to a sample of local competitors.
- ***Lending in the Assessment Area*** – A sample of the bank's home mortgage, small business, and small farm loans originated from January 1, 2018 through December 31, 2018 were reviewed to determine the percentage of loans originated in the assessment area.
- ***Geographic Distribution of Lending in the Assessment Area*** – A sample of the bank's home mortgage, small business, and small farm loans originated in the assessment area from January 1, 2018 through December 31, 2018 were analyzed to determine the extent to which the bank is making loans in geographies of different income levels, particularly those designated as moderate-income.

- ***Lending to Borrowers of Different Income and to Businesses and Farms of Different Sizes*** – A sample of the bank's home mortgage, small business, and small farm loans originated in the assessment area from January 1, 2018 through December 31, 2018 were reviewed to determine the distribution among borrowers of different income levels, particularly those considered low- or moderate-income, and to businesses and farms with different revenue sizes.
- ***Response to Substantiated Complaints*** – Neither HT&SB or this Reserve Bank received any CRA-related complaints since the previous evaluation.

In addition, one community representative was contacted in connection with this examination to provide information regarding local economic and socio-economic conditions in the assessment area with an emphasis on economic development.

DESCRIPTION OF INSTITUTION

HT&SB, a \$242.5 million institution, is a subsidiary of HTB, Inc., a one-bank holding company headquartered in Osage, Iowa. The bank maintains one full-service location in Osage, Iowa, with no additional branches. The office offers drive-up services and one full-service automated teller machine (ATM). The bank has not opened or closed any branches or ATMs since the previous CRA examination.

The bank offers a variety of standard and non-complex loan and deposit products to meet the banking needs of consumers, small businesses, and small farms operating within its assessment area. The bank is primarily an agricultural lender but also provides commercial, residential real estate, and consumer loan products. Loan products include, but are not limited to: real estate secured and non-real estate secured, operating capital loans, business start-up loans, agricultural equipment and production, consumer installment/single payment, and construction temporary/permanent financing. Deposit products include traditional interest and non-interest bearing checking and savings accounts, negotiable orders of withdrawal, and certificates of deposits. The bank also maintains a website which allows customers access to online banking and bill pay.

As of the March 31, 2019 Uniform Bank Performance Report, the bank's largest loan categories by dollar amount as a percentage of gross loans and leases are agricultural loans (55.7 percent), residential real estate loans (23.6 percent), and commercial loans (17.6 percent). Details of the composition of the bank's loan portfolio are shown below.

There are no known legal, financial, or other factors impeding the bank's ability to help meet the credit needs in its communities.

The bank was rated Satisfactory under the CRA at its previous evaluation conducted on May 11,

2015.

Composition of Loan Portfolio as of March 31, 2019		
Type	\$ (000s)	%
Residential Real Estate	38,327	23.6
Commercial	28,500	17.6
Agricultural	90,298	55.7
Consumer	4,097	2.5
Other	880	0.5
Gross Loans	162,102	100.0
<i>Note: Percentages may not total 100.0 percent due to rounding.</i>		

DESCRIPTION OF ASSESSMENT AREA

HT&SB's assessment area is comprised of Floyd and Mitchell Counties in their entireties and contains no distressed or underserved census tracts. The assessment area includes one moderate-income census tract in Floyd County; the remaining seven census tracts are middle-income. The bank's assessment area has not changed since the previous evaluation. All other income tract designations remained the same. The bank's sole facility is located in Mitchell County. No bank branches have been opened or closed since the previous evaluation.

According to the June 30, 2018 FDIC Deposit Market Share Report, HT&SB is ranked third of seven FDIC-insured institutions in Floyd and Mitchell Counties holding 21.7 percent of the market share. The top and second ranked institutions were First Security Bank and Trust Company and First Citizens Bank with 27.7 and 24.7 percent of the market share, respectively.

The census tract 5602.00 in Mitchell County changed from upper-income to middle-income in 2017. The median family income levels for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey (ACS) and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years. The income to calculate geographic income designations changed between 2016 and 2017. Accordingly, lending activity that took place in calendar years up to and including 2016 are evaluated on ACS income level definitions from the five-year survey data set 2006-2010. Lending activity performed in 2017 and beyond are evaluated based on ACS income level definitions from the five-year survey data set 2011-2015. The following table shows the difference in census tract income designations between 2016 and 2017.

Census Tract Designation Changes American Community Survey Data (ACS)			
Tract Income Designation	2016 Designations (#)	2017 Designations (#)	Net Change (#)
Low	0	0	0
Moderate	1	1	0
Middle	6	7	+1
Upper	1	0	-1
Unknown	0	0	0
Total	8	8	0
<i>Source: U. S. Census Bureau: Decennial Census: American Community Survey Data: 2006-2010 U.S. Census Bureau: Decennial Census: America Community Survey Data: 2011-2015</i>			

Additional demographic information about the assessment area is provided in the following table on page 6.

Assessment Area: 2018 IA Non MSA								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	1,506	20.3
Moderate-income	1	12.5	772	10.4	76	9.8	1,486	20.0
Middle-income	7	87.5	6,663	89.6	473	7.1	1,779	23.9
Upper-income	0	0.0	0	0.0	0	0.0	2,664	35.8
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	8	100.0	7,435	100.0	549	7.4	7,435	100.0
	Housing Units by Tract	Housing Types by Tract						
		Owner-Occupied			Rental		Vacant	
		#	%	%	#	%	#	%
Low-income	0	0	0.0	0.0	0	0.0	0	0.0
Moderate-income	1,577	805	9.3	51.0	588	37.3	184	11.7
Middle-income	10,844	7,808	90.7	72.0	2,058	19.0	978	9.0
Upper-income	0	0	0.0	0.0	0	0.0	0	0.0
Unknown-income	0	0	0.0	0.0	0	0.0	0	0.0
Total Assessment Area	12,421	8,613	100.0	69.3	2,646	21.3	1,162	9.4
	Total Businesses Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	124	8.8	116	9.0	8	8.2	0	0.0
Middle-income	1,283	91.2	1,167	91.0	90	91.8	26	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	1,407	100.0	1,283	100.0	98	100.0	26	100.0
	Percentage of Total Businesses:			91.2		7.0		1.8
	Total Farms by Tract		Farms by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low-income	0	0.0	0	0.0	0	0.0	0	0.0
Moderate-income	6	1.4	6	1.4	0	0.0	0	0.0
Middle-income	436	98.6	431	98.6	4	100.0	1	100.0
Upper-income	0	0.0	0	0.0	0	0.0	0	0.0
Unknown-income	0	0.0	0	0.0	0	0.0	0	0.0
Total Assessment Area	442	100.0	437	100.0	4	100.0	1	100.0
	Percentage of Total Farms:			98.9		0.9		0.2
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS								
Note: Percentages may not add to 100.0 percent due to rounding								

The following presentation of key demographics used to help inform the evaluation of bank activity in its assessment area is based on a comparison of two sets of ACS data, 2006-2010 and 2011-2015.

Population Characteristics

As presented in the table below, the assessment area population experienced a slight decrease between the 2010 Census and the 2015 ACS. In comparison, the population growth within the state of Iowa increased slightly by 1.6 percent. According to a community representative, population in the assessment area has remained stagnant as people are not moving to the area due to its rural location.

Population Change			
Area	2006-2010 Population	2011-2015 Population	Percentage Change
Assessment Area	27,079	26,812	-1.0
Floyd County	16,303	16,050	-1.6
Mitchell County, IA	10,776	10,762	-0.1
State of Iowa	3,046,355	3,093,526	1.6
Source: U.S. Census Bureau: Decennial Census American Community Survey Data: 2006-2010 U.S. Census Bureau: American Community Survey Data: 2011-2015			

Income Characteristics

The table below compares income levels for the counties within the assessment area and the state of Iowa. The assessment area overall experienced a modest increase in median family income at 5.5 percent which is below the state's median family income increase of 9.2 percent. Within the assessment area, median income in Floyd County is slightly below that of Mitchell County, but increased at a faster rate. A community representative indicated that the gap between the two counties has continued to close, and incomes in the two counties are comparable. The representative further indicated that median family income has not continued to increase substantially. Despite the labor shortage, employers are not feeling pressure to increase wages for the existing employment base. Employers may offer a higher income package in an effort to encourage potential candidates to move to the area, but wages for existing citizens have not increased.

Median Family Income Change 2006-2010 and 2011-2015			
Area	2006-2010 Median Family Income	2011-2015 Median Family Income	Percentage Change
Assessment Area	55,875	58,935	5.5
Floyd County	52,808	56,004	6.1
Mitchell County	63,356	64,078	1.1
State of Iowa	61,804	67,466	9.2
Source: U.S. Census Bureau: American Community Survey Data: 2006-2010			

Housing Characteristics

According to the 2015 American Community Survey data, there are 12,421 housing units in the assessment area; 12.7 percent of these housing units are located in moderate-income census tracts and 87.3 percent are located in middle-income census tracts. Further, 69.3 percent of the housing units in the assessment area are owner-occupied with 9.3 percent of owner-occupied housing in moderate-income census tracts compared to the 90.7 percent of owner-occupied housing in middle income census tracts. Given that only one census tract in the assessment area is moderate-income and only 51.1 percent of housing units within that tract are owner-occupied, opportunities for HT&SB to originate mortgage loans in moderate-income geographies are limited.

Median housing values in the assessment area increased by 9.9 percent between 2010 and 2015 which is comparable to the state of Iowa increase of 8.4 percent. Median housing values in the assessment area continue to be lower than the state overall. A community representative indicated that housing values have continued to increase, though at a slower rate. However, demand remains high and turnover of inventory is quick, evidencing that the increases in housing values haven't outpaced the market.

While median gross rents within the assessment area also remain below those of the state, rents increased at double the rate within the assessment area with an increase of 26.7 percent compared to the state of Iowa's 13.0 percent increase. Notably between the two counties, rents in Floyd County increased at 30.8 percent compared to 16.1 percent in Mitchell County, causing the median gross rent in Floyd County to be greater than that of Mitchell County in 2015 where it had previously been less. The community representative indicated that while the demand for rentals remains greater than the demand for owner-occupied housing, the increase in rental rates between Mitchell and Floyd Counties has stabilized. They further noted that the larger increase in rents in Floyd County may have been due to people trying to move closer to where they work, as many people who work in Floyd County commute. However, due to a recent plant closure, the representative believes that demand has lessened slightly.

A common method to compare relative affordability of housing across geographic areas is the affordability ratio, which is defined in Appendix C. A higher ratio supports more affordable housing opportunities. Based on the 2011-2015 American Community Survey data, the affordability ratio for the both counties is 0.46, higher than the state's ratio of 0.41, indicating that housing is more affordable in the assessment area than in the state as a whole.

Housing Costs Change (\$)							
Area	Median Housing Value (\$)			Median Gross Rent (\$)			Affordability Ratio
	2006-2010	2011-2015	% Change	2006-2010	2011-2015	% Change	2011-2015
Assessment Area	93,114	102,292	9.9	435	551	26.7	.46
Floyd County	89,200	98,200	10.1	425	556	30.8	.46
Mitchell County	99,200	108,700	9.6	461	535	16.1	.46
State of Iowa	119,200	129,200	8.4	617	697	13.0	.41
Source: 2010 - U.S. Census Bureau: Decennial Census 2011-2015 -U.S. Census Bureau: American Community Survey							

Employment Characteristics

The Bureau of Labor Statistics data indicates that unemployment rates in the assessment area have declined from 2013 to 2016 which is in line with trends seen at the state level. While unemployment rates in Floyd County have remained the same or slightly above the state rates, those of Mitchell County have remained consistently below the state average. A community representative noted that despite the abundance of job opportunities available in Mitchell County and new businesses coming into the area, population has remained stagnant resulting in a shortage of workforce and low unemployment rates.

Unemployment Rates (%)				
Region	2013	2014	2015	2016
Floyd County	5.3	4.7	3.8	3.7
Mitchell County	4.2	3.7	2.9	2.7
State of Iowa	4.6	4.4	3.8	3.7
Source: Bureau of Labor Statistics: Local Area Unemployment Statistics				

Industry Characteristics

The following table presents the largest employers operating in Floyd and Mitchell Counties. The largest employer is Comprehensive Systems Inc., which is a non-profit entity operating in five counties, serving approximately 300 people with special needs. The most common industries represented in the area include manufacturing, medical, and agricultural, but, as noted by a community representative, the area boasts a diverse group of businesses and employers which have positively contributed to the overall economic condition. A plant closure in Floyd County was recently announced that will result in approximately 500 employees losing their jobs, but the contact indicated that the assessment area is seeing a labor shortage which will allow for most employees to easily find new jobs. Thus the plant closure will have little to no impact on the economic conditions of the assessment area.

Largest Employers in the Assessment Area			
Company		Number of Employees	Industry
Comprehensive Systems Inc.	Floyd	500	Non-Profit Organizations
Pfizer Inc.	Floyd	362	Drug-Manufacturers
Post Consumer Brands	Mitchell	200	Cereals (Manufacturers)
Hy-Vee	Floyd	200	Grocers-Retail
Fox River Mills	Mitchell	200	Knitting Mills NEC (Manufacturers)
Floyd County Medical Center	Floyd	171	Hospitals
Winnebago Industries	Floyd	150	Recreational Vehicles & Campers- Manufacturers
Mitchell County Regional Health	Mitchell	143	Hospitals
Grain Millers	Mitchell	125	Grain Elevators
Comprehensive Systems Inc.	Floyd	500	Non-Profit Organizations
Source: Business information provided by Infogroup®, Omaha, NE			

Community Contact Data

One community representative with a focus on economic development was contacted to increase understanding of the credit needs and market conditions within the area. The representative indicated that overall economic conditions in the area are favorable with the greatest areas of weakness being a shortage of workforce and a shortage of available housing. However, the representative noted that local banks are very present in the community and eager to work with organizations to address community needs.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Performance standards for small banks consist of the following, as applicable: the bank's loan-to-deposit (LTD) ratio, the percentage of loans and other lending-related activities located in the bank's assessment area, the record of lending to borrowers of different income levels and businesses and farms of different sizes, the geographic distribution of loans, and the record of taking action in response to written complaints. To determine CRA performance, the preceding standards are analyzed and evaluated within the assessment area context, which includes, but is not limited to, comparative analyses of the assessment area and the state and the non-metropolitan portions of the state demographic data on median income, nature of housing stock, housing costs, and other relevant data pertaining to the bank's assessment area.

LENDING TEST

HT&SB's performance relative to the lending test is rated Satisfactory based on a reasonable loan-to-deposit (LTD) ratio given the bank's size, financial condition, and assessment area credit needs; a substantial majority of loans are made in the assessment area; reasonable penetration among individuals of different income levels and businesses and farms of different sizes; and a reasonable geographic distribution of loans with dispersion throughout the assessment area. Small farm loans were weighted heavier during the evaluation as the bank is primarily an agricultural lender.

Loan-to-Deposit Ratio

This performance criterion evaluates the bank's average LTD ratio to determine the reasonableness of lending in light of performance context, such as the bank's capacity to lend, the availability of lending opportunities, the demographic and economic factors present in the assessment area, and in comparison to several similarly situated FDIC-insured institutions. The similarly situated institutions were selected based on the similarities of their asset size and locations, as they operate in the same counties as HT&SB.

The bank's LTD ratio is reasonable. As seen in the table below, the community benefits from a majority of the deposits it makes to HT&SB, and the ratio is comparable to its local competitors.

Comparative Loan-to-Deposit Ratios		
Institution	Asset Size	Loan-to-Deposit Ratio (%)
		16 – Quarter Average
The Home Trust & Savings Bank	242,543	74.4
Competitors		
Saint Ansgar Bank	117,268	84.0
First Citizens Bank	1,278,586	78.3
Farmers State Bank	191,842	59.4
First Security Bank & Trust Company	492,128	74.6
CUSB Bank	476,107	86.4

Assessment Area Concentration

A substantial majority of HT&SB's total lending activity is inside the assessment area. Based on a statistical sample of loans, the bank originated 89.3 percent of total loans by volume and 84.8 percent by dollar amount within the assessment area. Additionally, the bank originated the substantial majority of its loans inside the assessment area for each loan type.

The following table summarizes the bank's lending inside and outside of its assessment area for mortgage, small business, and small farm loans from January 1, 2018 through December 31, 2018.

Lending Inside and Outside the Assessment Area								
Loan Type	Inside				Outside			
	#	%	\$ (000s)	%	#	%	\$ (000s)	%
Residential Loans	79	88.8	\$9,997	81.8	10	11.2	\$2,231	18.2
Total Consumer Related	79	88.8	\$9,997	81.8	10	11.2	\$2,231	18.2
Small Business	66	89.2	\$6,919	91.7	8	10.8	\$623	8.3
Total Small Bus. Related	66	89.2	\$6,919	91.7	8	10.8	\$623	8.3
Small Farm	105	89.7	\$8,685	83.3	12	10.3	\$1,737	16.7
Total Small Farm Related	105	89.7	\$8,685	83.3	12	10.3	\$1,737	16.7
TOTAL LOANS	250	89.3	\$25,601	84.8	30	10.7	\$4,591	15.2
<i>Note: Percentages may not add to 100.0 percent due to rounding.</i>								

Geographic Distribution of Loans

This performance criterion evaluates the bank's distribution of lending within its assessment area by income level of census tracts. The bank's geographic distribution of loans reflects reasonable dispersion among the different census tracts within the assessment area.

A gap analysis was completed as part of the evaluation. As of 2018, HT&SB's assessment area is comprised of 8 census tracts including one moderate-income and 7 middle-income census tracts. The gap analysis indicates that the bank made loans in the moderate-income census tract and 6 middle-income census tracts, but failed to originate a loan in one middle-income census tract (4803.00). Considering the bank's size and complexity, lending penetration throughout the assessment area is reasonable. Overall, no disparities were noted.

Small Business Lending

The geographic distribution of small business lending is reasonable. The bank originated 1.5 percent of its small business loans in the moderate-income census tract. This is below the 8.8 percent of small businesses located in this tract; however, this census tract is located a significant distance from the bank and in Floyd County where the bank does not have any operations, making it more difficult to compete for loans in that area.

Geographic Distribution of Small Business Loans						
Assessment Area: 2018 IA Non MSA						
Tract Income Levels		Bank & Demographic Comparison				
		2018				Total Businesses
		Count		Dollar		
		Bank		Bank		
		#	%	\$ 000s	\$ %	%
Small Business	Low	0	0.0	0	0.0	0.0
	Moderate	1	1.5	30	0.4	8.8
	Middle	65	98.5	6,889	99.6	91.2
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	66	100.0	6,919	100.0	100.0
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS						
Note: Percentages may not add to 100.0 percent due to rounding						

Small Farm Lending

The geographic distribution of small farm lending is reasonable. While the bank did not originate any small farm loans in the moderate income census tract, only 1.4 percent of small farms are located in this tract; therefore, limited opportunities exist for this type of loan.

Geographic Distribution of Small Farm Loans						
Assessment Area: 2018 IA Non MSA						
	Tract Income Levels	Bank & Demographic Comparison				
		2018				Total Farms
		Count Bank		Dollar Bank		
		#	%	\$ 000s	\$ %	%
Small Farm	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	1.4
	Middle	105	100.0	8,685	100.0	98.6
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	105	100.0	8,685	100.0	100.0
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS						
Note: Percentages may not add to 100.0 percent due to rounding						

Home Mortgage Lending

The geographic distribution of home mortgage lending is reasonable. The bank did not originate any loans in the moderate-income census tract, which is below the percent of owner-occupied housing units located in that tract; however, this tract is located a significant distance from the bank making it more difficult to compete for loans in that area.

Geographic Distribution of Home Mortgage Loans						
Assessment Area: 2018 IA Non MSA						
Tract Income Levels		Bank & Demographic Comparison				Owner Occupied % of Units
		2018				
		Count Bank		Dollar Bank		
		#	%	\$ (000s)	\$ %	
Totals	Low	0	0.0	0	0.0	0.0
	Moderate	0	0.0	0	0.0	9.3
	Middle	79	100.0	9,997	100.0	90.7
	Upper	0	0.0	0	0.0	0.0
	Unknown	0	0.0	0	0.0	0.0
	Total	79	100.0	9,997	100.0	100.0
2018 FFIEC Census Data						
Note: Percentages may not add to 100.0 percent due to rounding						

Lending to Borrowers of Different Income Levels and to Businesses and Farms of Different Sizes

This performance criterion evaluates the bank's lending to borrowers of different income levels

with emphasis placed on lending to LMI individuals, as well as to businesses and farms of different revenue sizes, with emphasis placed on lending to those with gross annual revenues of \$1.0 million or less. The bank's lending has a reasonable penetration among individuals of different income levels and businesses and farms of different sizes.

Small Business Lending

The borrower distribution of small business lending is reasonable. During the evaluation period, the sample included 66 small business loans, of which 89.4 percent were made to businesses with gross annual revenues of \$1.0 million or less. This lending pattern is consistent with the gross annual revenue composition of businesses in the assessment area as 91.2 percent have gross annual revenues of \$1.0 million or less. Additionally, the majority of these loans, at 79.7 percent by number, were in dollar amounts of \$100,000 or less, which is considered most beneficial to small businesses. Given that the bank is primarily an agricultural lender, less weight was given to small business lending in the analysis of lending to borrowers of different incomes and businesses and farms of different sizes criterion of the lending test.

Small Business Lending By Revenue & Loan Size							
Assessment Area: 2018 IA Non MSA							
Product Type		Bank & Demographic Comparison					
		2018				Total Businesses	
		Count Bank		Dollar Bank			
		#	%	\$ 000s	\$ %	%	
Small Business	Revenue	\$1 Million or Less	59	89.4	4,509	65.2	91.2
		Over \$1 Million or Unknown	7	10.6	2,410	34.8	8.8
		Total	66	100.0	6,919	100.0	100.0
	Loan Size	\$100,000 or Less	49	74.2	1,966	28.4	
		\$100,001 - \$250,000	10	15.2	1,596	23.1	
		\$250,001 - \$1 Million	7	10.6	3,357	48.5	
		Total	66	100.0	6,919	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	47	79.7	1,806	40.1	
		\$100,001 - \$250,000	8	13.6	1,246	27.6	
		\$250,001 - \$1 Million	4	6.8	1,457	32.3	
		Total	59	100.0	4,509	100.0	
Originations & Purchases							
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS							
Note: Percentages may not add to 100.0 percent due to rounding							

Small Farm Lending

The borrower distribution of small farm lending is reasonable. During the evaluation period, the sample included 105 small farm loans, of which 95.2 percent were made to farms with gross annual

revenues of \$1.0 million or less. This lending pattern is consistent with the gross annual revenue composition of farms in the assessment area as 98.9 percent have gross annual revenues of \$1.0 million or less. Additionally, the majority of these loans, at 77.0 percent by number, were in dollar amounts of \$100,000 or less, which is considered most beneficial to small farms.

Small Farm Lending By Revenue & Loan Size							
Assessment Area: 2018 IA Non MSA							
Product Type		Bank & Demographic Comparison					
		2018				Total Farms	
		Count Bank		Dollar Bank			
		#	%	\$ 000s	\$ %	%	
Small Farm	Revenue	\$1 Million or Less	100	95.2	7,086	81.6	98.9
		Over \$1 Million or Unknown	5	4.8	1,599	18.4	1.1
		Total	105	100.0	8,685	100.0	100.0
	Loan Size	\$100,000 or Less	77	73.3	2,460	28.3	
		\$100,001 - \$250,000	20	19.0	3,238	37.3	
		\$250,001 - \$500,000	8	7.6	2,987	34.4	
		Total	105	100.0	8,685	100.0	
	Loan Size & Rev \$1 Mill or Less	\$100,000 or Less	77	77.0	2,460	34.7	
		\$100,001 - \$250,000	18	18.0	2,876	40.6	
		\$250,001 - \$500,000	5	5.0	1,750	24.7	
		Total	100	100.0	7,086	100.0	
	Originations & Purchases						
2018 FFIEC Census Data & 2018 Dun & Bradstreet information according to 2015 ACS							
Note: Percentages may not add to 100.0 percent due to rounding							

Home Mortgage Lending

The borrower distribution of home mortgage lending is poor. The bank originated 16.5 percent of home mortgage loans to low-income individuals which falls below the percent of families designated as low-income within the assessment area at 20.3 percent. Additionally, the bank originated only 8.9 percent of home mortgage loans to moderate-income individuals which is significantly below the 20.0 percent of families designated as moderate-income. Given that the bank is primarily an agricultural lender, less weight was given to home mortgage lending in the analysis of lending to borrowers of different incomes and businesses and farms of different sizes criterion of the lending test.

Borrower Distribution of Home Mortgage Loans						
Assessment Area: 2018 IA Non MSA						
	Borrower Income Levels	Bank & Demographic Comparison 2018				Families by Family Income %
		Count		Dollar		
		#	%	\$ (000s)	\$ %	
Totals	Low	13	16.5	651	6.5	20.3
	Moderate	7	8.9	1,101	11.0	20.0
	Middle	19	24.1	2,066	20.7	23.9
	Upper	40	50.6	6,179	61.8	35.8
	Unknown	0	0.0	0	0.0	0.0
	Total	79	100.0	9,997	100.0	100.0
2018 FFIEC Census Data						
Note: Percentages may not add to 100.0 percent due to rounding						

Response to Complaints

The bank or this Reserve Bank has not received any CRA-related complaints since the previous examination.

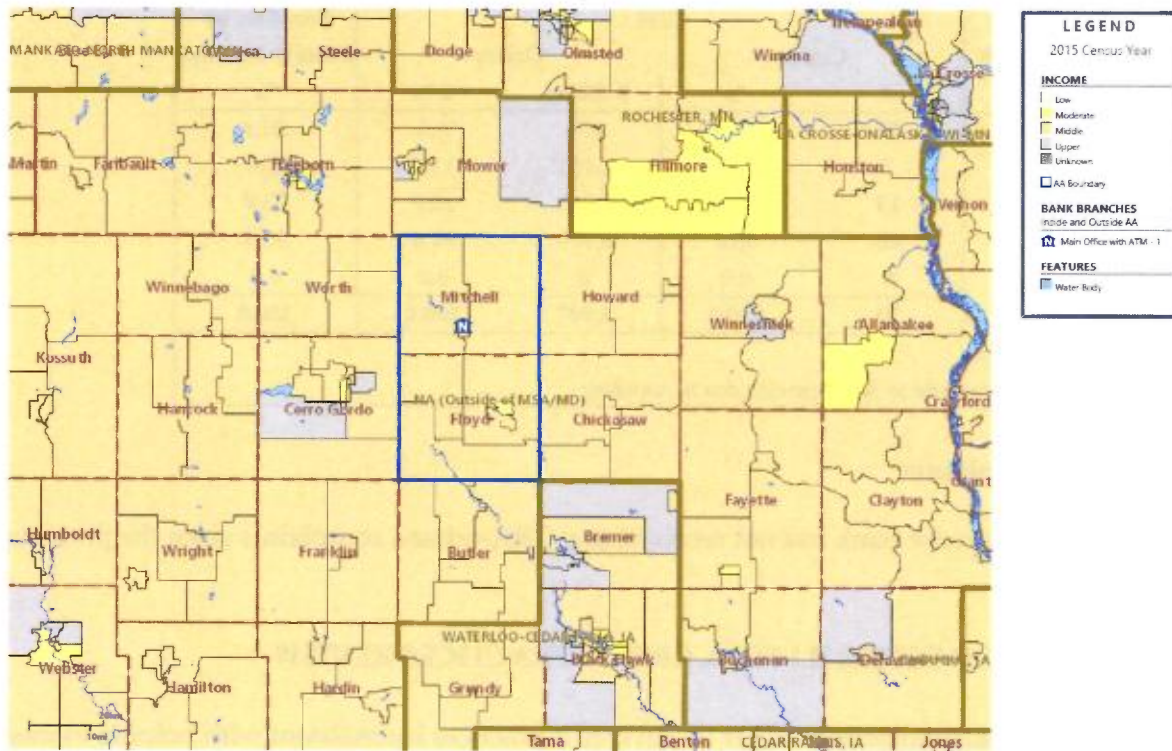
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified.

APPENDIX A – Map of Assessment Area

The Home Trust and Savings Bank 60545

IA Non MSA



APPENDIX B – Scope of Examination

SCOPE OF EXAMINATION			
TIME PERIOD REVIEWED		January 1, 2018 through December 31, 2018	
FINANCIAL INSTITUTION			PRODUCTS REVIEWED
The Home Trust & Savings Bank			Small Business Loans Small Farm Loans Home Mortgage Loans
AFFILIATE(S)	AFFILIATE RELATIONSHIP		PRODUCTS REVIEWED
None	N/A		N/A
LIST OF ASSESSMENT AREAS AND TYPE OF EXAMINATION			
ASSESSMENT AREA	TYPE OF EXAMINATION	BRANCHES VISITED	OTHER INFORMATION
Non-MSA Iowa	Full Scope	None	N/A

APPENDIX C – Glossary

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Affordability ratio: To determine housing affordability, the affordability ratio is calculated by dividing median household income by median housing value. This ratio allows the comparison of housing affordability across assessment areas and/or communities. An area with a high ratio generally has more affordable housing than an area with a low ratio.

Aggregate lending: The number of loans originated and purchased by all lenders subject to reporting requirements as a percentage of the aggregate number of loans originated and purchased by all lenders in the MSA/assessment area.

American Community Survey Data (ACS): The American Community Survey (ACS) data is based on a nationwide survey designed to provide local communities with reliable and timely demographic, social, economic, and housing data each year. The Census Bureau first released data for geographies of all sizes in 2010. This data is known as the “five-year estimate data.” The five-year estimate data is used by the FFIEC as the base file for data used in conjunction with consumer compliance and CRA examinations.¹

Area Median Income (AMI): AMI means –

1. The median family income for the MSA, if a person or geography is located in an MSA, or for the metropolitan division, if a person or geography is located in an MSA that has been subdivided into metropolitan divisions; or
2. The statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment area: Assessment area means a geographic area delineated in accordance with section 228.41

Automated teller machine (ATM): An automated teller machine means an automated, unstaffed banking facility owned or operated by, or operated exclusively for, the bank at which deposits are received, cash dispersed or money lent.

Bank: Bank means a state member as that term is defined in section 3(d)(2) of the Federal Deposit Insurance Act (12 USC 1813(d)(2)), except as provided in section 228.11(c)(3), and includes an

¹ Source: FFIEC press release dated October 19, 2011.

uninsured state branch (other than a limited branch) of a foreign bank described in section 228.11(c)(2).

Branch: Branch refers to a staffed banking facility approved as a branch, whether shared or unshared, including, for example, a mini-branch in a grocery store or a branch operated in conjunction with any other local business or nonprofit organization.

Census tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Combined Statistical Area (CSAs): Adjacent metropolitan statistical areas/metropolitan divisions (MSA/MDs) and micropolitan statistical areas may be combined into larger Combined Statistical Areas based on social and economic ties as well as commuting patterns. The ties used as the basis for CSAs are not as strong as the ties used to support MSA/MD and micropolitan statistical area designations; however, they do bind the larger area together and may be particularly useful for regional planning authorities and the private sector. Under Regulation BB, assessment areas may be presented under a Combined Statistical Area heading; however, all analysis is conducted on the basis of median income figures for MSA/MDs and the applicable state-wide non metropolitan median income figure.

Community Development: The financial supervisory agencies have adopted the following definition for community development:

1. Affordable housing, including for multi-family housing, for low- and moderate-income households;
2. Community services tailored to meet the needs of low- and moderate-income individuals;
3. Activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or
4. Activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definitions of community development. Activities that revitalize or stabilize:

- 1) Low- or moderate-income geographies;
- 2) Designated disaster areas; or
- 3) Distressed or underserved nonmetropolitan middle-income geographies

designated by the Board, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency based on:

- a. Rates of poverty, unemployment or population loss; or
- b. Population size, density and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density and dispersion if they help to meet essential community services including the needs of low- and moderate-income individuals.

Community Development Loan: A community development loan means a loan that:

- 1) Has as its primary purpose community development; and
- 2) Except in the case of a wholesale or limited purpose bank –
 - a. Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment as a home mortgage, small business, small farm, or consumer loan, unless it is a multi-family housing loan (as described in the regulation implementing the Home Mortgage Disclosure Act); and
 - b. Benefits the bank's assessment area(s) or a broader statewide or regional area that includes the bank's assessment area(s).

Community Development Service: A community development service means a service that:

- 1) Has as its primary purpose community development; and
- 2) Is related to the provision of financial services.

Consumer loan: A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories of loans: motor vehicle, credit card, other consumer secured loan, includes loans for home improvement purposes not secured by a dwelling, and other consumer unsecured loan, includes loans for home improvement purposes not secured.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married couple family or other family, which is further classified into "male householder" (a family with a male household and no wife present) or "female householder" (a family with a female householder and no husband present).

Fair market rent: Fair market rents (FMRs) are gross rent estimates. They include the shelter rent plus the cost of all tenant-paid utilities, except telephones, cable or satellite television service, and internet service. HUD sets FMRs to assure that a sufficient supply of rental housing is available to their program participants. To accomplish this objective, FMRs must be both high enough to

permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible. The level at which FMRs are set is expressed as a percentile point within the rent distribution of standard-quality rental housing units. The current definition used is the 40th percentile rent, the dollar amount below which 40 percent of the standard-quality rental housing units are rented. The 40th percentile rent is drawn from the distribution of rents of all units occupied by recent movers (renter households who moved to their present residence within the past 15 months). HUD is required to ensure that FMRs exclude non-market rental housing in their computation. Therefore, HUD excludes all units falling below a specified rent level determined from public housing rents in HUD's program databases as likely to be either assisted housing or otherwise at a below-market rent, and units less than two years old.

Full review: Performance under the Lending, Investment and Service Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and amount of qualified investments) and qualitative factors (for example, innovativeness, complexity and responsiveness).

Geography: A census tract delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act: The statute that requires certain mortgage lenders that do business or have banking offices in metropolitan statistical areas to file annual summary reports of their mortgage lending activity. The reports include data such as the race, gender and income of the applicant(s) and the disposition of the application(s) (for example, approved, denied, and withdrawn).

Home mortgage loans: Are defined in conformance with the definitions of home mortgage activity under the Home Mortgage Disclosure Act and include closed end mortgage loans secured by a dwelling and open-end lines of credit secured by a dwelling. This includes loans for home purchase, refinancing and loans for multi-family housing. It does not include loans for home improvement purposes that are not secured by a dwelling.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Income Level: Income level means:

- 1) Low-income – an individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a census tract;
- 2) Moderate-income – an individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent in the case of a census tract;

- 3) Middle-income – an individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent in the case of a census tract; and
- 4) Upper-income – an individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent in the case of a census tract.

Additional Guidance: .12(m) Income Level: The median family income levels (MFI) for census tracts are calculated using the income data from the United States Census Bureau's American Community Survey and geographic definitions from the Office of Management and Budget (OMB) and are updated approximately every five years (.12(m) Income Level).

Limited-purpose bank: This term refers to a bank that offers only a narrow product line such as credit card or motor vehicle loans to a regional or broader market and for which a designation as a limited-purpose bank is in effect, in accordance with section 228.25(b).

Limited review: Performance under the Lending, Investment and Services test is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, amount of investments and branch office distribution).

Loan location: Under this definition, a loan is located as follows:

- 1) Consumer loan is located in the census tract where the borrower resides;
- 2) Home mortgage loan is located in the census tract where the property to which the loan relates is located;
- 3) Small business and small farm loan is located in the census tract where the main business facility or farm is located or where the loan proceeds have been applied as indicated by the borrower.

Loan product office: This term refers to a staffed facility, other than a branch, that is open to the public and that provides lending-related services, such as loan information and applications.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development (HUD) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area: A metropolitan statistical area (MSA) or a metropolitan division (MD) as

defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a single core population of at least 2.5 million may be divided into MDs. A metropolitan statistical area that crosses into two or more bordering states is called a multistate metropolitan statistical area.

Multifamily: Refers to a residential structure that contains five or more units.

Nonmetropolitan area: This term refers to any area that is not located in a metropolitan statistical area or metropolitan division. Micropolitan statistical areas are included in the definition of a nonmetropolitan area; a micropolitan statistical area has an urban core population of at least 10,000 but less than 50,000.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: This term refers to any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: This term refers to a state or multistate metropolitan area. For institutions with domestic branch offices in one state only, the institution's CRA rating is the state's rating. If the institution maintains domestic branch offices in more than one state, the institution will receive a rating for each state in which those branch offices are located. If the institution maintains domestic branch offices in at least two states in a multistate metropolitan statistical area, the institution will receive a rating for the multistate metropolitan area.

Small Bank: This term refers to a bank that as of December 31 of either of the prior two calendar years, had assets of less than \$1.252 billion. Intermediate small bank means a small bank with assets of at least \$313 million as of December 31 of both of the prior two calendar years and less than \$1.252 billion as of December 31 of either of the prior two calendar years.

Annual Adjustment: The dollar figures in paragraph (u)(1) of this section shall be adjusted annually and published by the Board, based on the year-to-year change in the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for each 12-month period ending in November, with rounding to the nearest million.

Small Business Loan: This term refers to a loan that is included in "loans to small businesses" as defined in the instructions for preparation of the Consolidated Report of Condition and Income. The loans have original amounts of \$1 million or less and are either secured nonfarm, nonresidential properties or are classified as commercial and industrial loans.

Small Farm: This term refers to a loan that is included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income. These loans have original amounts of \$500 thousand or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Wholesale Bank: This term refers to a bank that is not in the business of extending home mortgage, small business, small farm or consumer loans to retail customers, and for which a designation as a wholesale bank is in effect, in accordance with section 228.25(b).